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C O N F I D E N T I A L SECTION 01 OF 03 RPO DUBAI 000459

SIPDIS

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SUBJECT: TEHRAN NUCLEAR FUEL DEAL DRAWING DOMESTIC POLITICAL FIRE

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CLASSIFIED BY: Alan Eyre, Director, IRPO, State.

REASON: 1.4 (b), (d)

11. (C) SUMMARY: In an October 26 press conference Iranian Foreign Minister Mottaki said Iran would "soon" be announcing its decision on the IAEA proposal to exchange stockpiles of its own enriched uranium in exchange for smaller amounts of more highly enriched uranium to be used by the Tehran Research Reactor (TRR). However, many Iranian political figures are speaking out against the IAEA-sponsored draft proposal, with most of the public criticism coming from mainstream conservatives, to include Majlis Speaker Larijani, Deputy Speaker Bahonar, and Expediency Council Secretary Rezai. Much of the criticism centers both on Iran having to exchange large amounts of its enriched uranium in exchange for the 20 percent enriched fuel, and on the lack of guarantees. All indications are that Iran's leadership might be having second thoughts about the IAEA deal, partially due to what it perceives as the deal's enthusiastic reception in the West and in Israel, partially due to genuine strategic concerns, and partially due to political opposition to Ahmadinejad. Ultimately however the Supreme Leader will make the call, and it is unclear to what extent his deliberations will be influenced by this ongoing public debate among the ruling conservative elites. END SUMMARY.

12. (U) In an October 26 press conference Iranian Foreign Minister Mottaki said Iran would "soon" be announcing its decision on the IAEA proposal for Iran to exchange stockpiles of its own enriched uranium in exchange for smaller amounts of more highly enriched uranium to be used by the Tehran Research Reactor (TRR). According to Mottaki, Iran would either seek to buy the fuel from abroad, as it has done previously, or it would provide a smaller amount of its own uranium, which it doesn't need currently, for enrichment outside the country, as outlined in the IAEA proposal.

13. (U) Mottaki's statement comes against growing domestic criticism of the IAEA proposal, largely from the ruling 'Principlist' (aka "Osulgarayan") conservative faction, with the preponderance of criticism coming from what can be termed the pragmatic wing of this faction, to include the following:

- BAHONAR: On October 22 Majlis First Deputy Speaker Mohammad Reza Bahonar said the IEAE is obligated to provide fuel to the TRR and that Iran having to provide its 3.5 percent enriched uranium in order to receive 20 percent enriched fuel was

'unacceptable.'

- LARIJANI: On October 24 Majlis Speaker Ali Larijani said there is no legal or logical justification for the West to insist on taking Iran's enriched uranium in exchange for providing it fuel, and that there are no guarantees that the West will live up to whatever commitments it made.

- BORUJERDI: Majlis National Security and Foreign Policy Commission Head Ala'eddin Borujerdi told press on October 24 that although Iranian officials have not yet made any decisions and that the final decision lay with the Supreme Council for National Security, he thought the best option was to purchase TRR fuel from abroad, as it did from Argentina previously.

- REZAI: On October 25 Expediency Council Secretary Mohsen Rezai said the TRR needs 30 kilograms of 20 percent enriched fuel so that it can continue functioning for at least the next 20 years. An amount of 280 - 350 kilograms of 3.5 percent enriched uranium can provide the needed TRR fuel for the next 20 to 25 years, and therefore there is no need for Iran to send more than 350 kilograms of 3.5 percent enriched fuel to Russia.

¶4. (U) Additionally, former Atomic Energy Organization of Iran(AEOI) President Reza Amrollahi, a centrist affiliated with former President Rafsanjani, said in an October 24 ILNA interview that he questioned whether it made sense for Iran "to give up all its enriched uranium in exchange for receiving [only] 30 kg of 20 percent enriched uranium after a two-year wait." Amrollahi claimed that that only 300 kilograms of

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Iranian fuel would be needed to make this 30 kilograms of 20 percent enriched fuel, so "where is the rest [i.e. of the 1,000 kg of Iran's 3.5 percent enriched fuel to be exported] going, and what guarantees do we have for getting this 20 percent enriched fuel?" He added that given that the TRR's remaining operational life was no more than 15 years, getting fuel for this reactor wasn't worth all the risk.

¶5. (U) In addition to statements by prominent conservatives, articles in various pragmatic conservative websites are also calling the proposed nuclear deal into question:

- An October 23 Tabnak article, "Iran Rejecting A Nuclear Swap and Keeping its Uranium," said that 'safekeeping Iran's produced uranium within Iran is an important matter, of which Iranian government officials must remain aware.'

- An October 25 piece on the pragmatic conservative 'Ayandeh News' website quoted a 'senior nuclear official' as saying that "the goal of the P5+1.. is to steal the enriched uranium that is the result of Iran's four years of enrichment.. our nuclear diplomats must not be fooled by the manipulations of the other side.. Unfortunately our national media and some prominent individuals seem to believe that American and Europe have given up on their original and basic goal, which is to deprive Iran of access to nuclear technology.. the embrace of this plan by Israel and by Iran's enemies shows that providing 80 percent of Iran's enriched uranium is in a manner the destruction of Iran's deterrence and winning card.. it is possible that after giving up this concession, the other side will refrain from giving its reciprocal concessions but will instead increase pressure for more concessions from Iran."

- Another October 25 Ayandeh newspiece cites a statement by the UK spokesman Martin Day in an interview with "al-Ahram al-Arabiya" that "Iran is agreeing to the West's proposal due to fear of new sanctions," while an October 24 Ayandehnews piece quotes an Israeli Deputy Defense Minister as saying that "this agreement shows to what extent Iran is susceptible to world pressure."

¶16. (U) The closest to an "IRGC viewpoint" in the Iranian press came in an October 26 article from the IRGC's weekly "Sobh-e Sadeh" newspaper, "The Vienna Meetings and the Necessary Caution," which said that the Vienna meetings were a success for Iran in that they essentially "officially recognized" Iran's right to enrich on its own soil, and also essentially removed the Iran nuclear program from the UNSC agenda. However, US enmity towards Iran is more fundamental than the current issues, and Iran's success in Vienna should not blind it to the reasons for US actions, which is to use a combination of "shrewd diplomacy and shrewd sanctions" to control Iran and create conditions whereby it can impose its will on Iran and change Iranian behavior. In a related vein, an October 24 'Kayhan' story quoted an 'informed official' as saying that "one thing is clear and that is that Iran will never give up its strategic reserve [of enriched uranium]."

¶17. (U) There have been no noticeable public utterances of support for the deal by prominent officials. However, some pro-Ahmadinejad news sites have sought to characterize the Vienna meetings in a triumphal light, to include an October 25 IRNA story, "The Vienna Meetings: A Triumph for Iran Nuclear Diplomacy and a Defeat for Israeli Meddling," and an October 26 story in the pro-Ahmadinejad "Rajaneews," claiming that "senior officials in the Zionist regime and in the US government are strongly criticizing the Vienna discussions and their results" (i.e. the implication being that Iran got the better of the deal).

¶18. (C) A US-based Iranian political analyst who closely follows the nuclear issue told IRPO that according to his diplomatic sources inside Iran, "Supreme Leader Khamenei is having second thoughts.. apparently people are a bit taken aback with the enthusiastic support the deal is getting in the West and in

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Israel." This analyst also pointed out that "this [ie. the nuclear negotiations] has not been handled well domestically, and the charges of Iran selling out are coming from all corners.. a lot of the questions are justified because people don't know the details."

¶19. (C) COMMENT: Clearly the proposal put forward by IAEA Director General El-Baradei at the conclusion of last week's Vienna meetings is drawing serious criticism from many Iran's conservative elite. Some of this criticism is born of Iranian unfamiliarity with "win-win" type thinking and a belief that any sign of weakness will invite further Western pressure, as well as seeing Western public expressions of enthusiasm for this deal as somehow indicative of Iran being 'fooled' in Vienna. Some opposition is indeed borne of legitimate concern about the parameters of the deal, especially given the Iranian administration's lack of public transparency as to what has been happening in Geneva and Vienna. Finally, a significant part of this opposition is purely political in nature, as opponents to President Ahmadinejad seek to cause political trouble for him by calling into question a deal that his national security team was

involved in putting together. Ultimately however, the Supreme Leader will make the call, and it is unclear to what extent his deliberations will be influenced by this ongoing public debate among conservative elites. END COMMENT.
EYRE